

**EXHIBIT 12**

**GENERAL TERMS:** The following terms apply to all transactions:

1. **PRODUCTS.** The term "Products" shall refer collectively to all equipment (the "Equipment"), software, and supplies ordered under this Agreement. You represent that the Products are being purchased for your own use (rather than resale) and that they will not be used primarily for personal, household or family purposes.
2. **CREDIT HISTORY.** As part of this transaction, Xerox may investigate your credit history. Even if Products have been delivered, Xerox may, within 60 days following its acceptance of this Agreement, revoke the Agreement if your credit approval is denied.
3. **PAYMENT.** Payment is due when you receive our invoice. All applicable taxes shall be added to your payment amount (unless you provide proof of your tax-exempt status). These taxes include, but are not limited to, sales and use, rental, excise, gross receipts and occupational or privilege taxes. You are not responsible for paying personal property taxes on the Products.
4. **BASIC SERVICES.** Xerox will provide the following Basic Services under this Agreement (unless you are acquiring Equipment for which Xerox does not offer Basic Services; such equipment to be designated as "No Svc."):
  - A. **REPAIRS AND PARTS.** Xerox will make adjustments and repairs necessary to keep Equipment in good working order. Parts required for repair may be new, reprocessed, or recovered. All replaced parts/materials will become Xerox' property.
  - B. **HOURS AND EXCLUSIONS.** Unless otherwise stated, Basic Services will be provided during Xerox' standard working hours (excluding Xerox-recognized holidays) in areas within the United States, its territories, and possessions open for repair service for the Equipment at issue. Basic Services shall cover repairs and adjustments required as a result of normal wear and tear or defects in materials or workmanship (and shall exclude repairs or adjustments Xerox determines to relate to or be affected by the use of options, accessories, or other connected products not serviced by Xerox as well as any non-Xerox alterations, relocation, service, supplies, or consumables).
  - C. **INSTALLATION SITE AND METER READINGS.** The equipment installation site must conform to Xerox' published requirements throughout the term of this Agreement. If applicable, you must provide meter readings in a manner prescribed by Xerox. If you fail to provide timely readings, Xerox may estimate them and bill you accordingly.
  - D. **REMEDY.** If Xerox is unable to maintain the Equipment as described above, Xerox will, as your exclusive remedy, replace the Equipment with an identical product or, at Xerox' option, another product of equal or greater capabilities. This replacement product shall be subject to these same terms and conditions.
  - E. **CARTRIDGE PRODUCTS.** If Xerox is providing Basic Services for a product utilizing cartridges designated by Xerox as customer replaceable ("Cartridges"), and unless you have entered into a Standard Maintenance Agreement as described below, you agree to use only unmodified Cartridges purchased directly from Xerox or its authorized resellers in the United States.
  - F. **OPERATOR MAINTENANCE PROCEDURES FOR DOCUCOLOR 70.** If Xerox is providing Basic Services for your DocuColor 70, you agree to perform all operator maintenance procedures set forth in the DocuColor 70 Printer Operator Guide (including the purchase of all referenced parts, tools, and supplies).
  - G. **PC/WORKSTATION REQUIREMENTS.** In order to receive Basic Services and/or Software Support for equipment requiring connection to a PC or workstation, you must utilize a PC or workstation that either (1) has been provided by Xerox or (2) meets Xerox' published specifications.
5. **WARRANTY DISCLAIMER. XEROX DISCLAIMS THE IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE.**
6. **INTELLECTUAL PROPERTY INDEMNITY.** Xerox will defend and indemnify you if any Product is alleged to infringe someone else's U.S. intellectual property rights provided you promptly notify Xerox of the alleged infringement and permit Xerox to direct the defense. Xerox is not responsible for any non-Xerox litigation expenses or settlements unless it preapproves them in writing. To avoid infringement, Xerox may modify or substitute an equivalent Product, refund the price paid for the Product (less the reasonable rental value for the period it was available to you), or obtain any necessary licenses. Xerox is not liable for any infringement-related liabilities outside the scope of this paragraph including but not limited to infringement based upon a Product being modified to your specifications or being used or sold with products not provided by Xerox.
7. **LIMITATION OF LIABILITY AND ASSIGNMENT.** Neither party shall be liable to the other for any direct damages greater than the amounts payable hereunder nor for any special, indirect, incidental, consequential or punitive damages arising out of or relating to this Agreement, whether the claim alleges tortious conduct (including negligence) or any other legal theory. You may not assign any of your rights or obligations under this Agreement without Xerox' prior written consent.
8. **ASSIGNMENT BY XEROX.** In the event Xerox assigns any of its obligations under this Agreement, Xerox shall remain primarily responsible for their performance; any claim or defense you may have relating to these obligations must be asserted only against Xerox and not its assignee.
9. **MINIMUM LEASE PAYMENTS.** The Minimum Lease Payment, along with any additional Print Charges, covers your cost for the use of the Equipment and its maintenance. The Minimum Lease Payment (which may be billed on more than one invoice) shall consist of the total of (1) any Base Charge and (2) any Monthly Minimum Number of Prints multiplied by the applicable Meter 1 Print Charge(s). For full-color equipment, color copies are counted on Meter 1.
10. **MAINTENANCE COMPONENT PRICE INCREASES.** Xerox may annually increase that amount of your Minimum Lease Payment and Print Charges you are charged for the maintenance of the Equipment (the "Maintenance Component"), each such increase not to exceed 10%. (For state and local government customers, this adjustment shall take place at the commencement of each of your annual contract cycles.)
11. **TITLE, RISK, AND RELOCATION.** The title to the Equipment shall remain with Xerox unless and until you exercise your option to purchase the Equipment. The risk of loss due to your fault or negligence, as well as theft or disappearance, shall pass to you upon installation (except for products designated as Customer Installable for which this risk of loss will pass upon shipment from a Xerox-owned facility). The risk of loss due to all other causes shall remain with Xerox unless and until you exercise your option to purchase the Equipment. Unless and until title passes to you, all Equipment relocations must be arranged (or approved in advance) by Xerox. All parts/materials replaced as part of an upgrade will become Xerox' property.
12. **RENEWAL.** Unless either party provides notice at least 30 days before the end of the lease term of its intention not to renew the lease, it will be renewed automatically on a month-to-month basis at the same price and on the same terms and conditions. Billing will occur at the same frequency as the original lease. During this renewal period, either side may terminate this Agreement upon at least 30 days notice.
13. **BREACH.** If you breach this Agreement, Xerox, in addition to its other remedies (including the cessation of Basic Services), may require immediate payment of (a) all amounts then due; (b) the remaining Minimum Lease Payments in the Agreement's then-current term [less any unearned finance, maintenance, and supply charges]; (c) 15% of item (b) above as reasonable liquidated damages; and (d) the applicable Purchase Option. Once these sums are paid, title shall pass to you.
14. **CARTRIDGES.** To enhance print quality, Xerox has designed the cartridge used in certain equipment models to cease functioning at a predetermined point (details regarding specific models are available upon request). In addition, certain cartridges are sold as Environmental Partnership cartridges; you agree these cartridges shall remain Xerox property and that you will return them to Xerox for remanufacturing once you have run them to their cease-function point.
15. **EQUIPMENT STATUS.** In support of Xerox' environmental leadership goals, and unless you are acquiring Previously Installed Equipment, Equipment will be either (a) "Newly Manufactured", which may contain some recycled components that are reconditioned; (b) "Factory Produced New Model", which is manufactured and newly serialized at a Xerox factory, adds functions and features to a product previously disassembled to a Xerox predetermined standard, and contains both new components and recycled components that are reconditioned; or (c) "Remanufactured", which has been factory produced following disassembly to a Xerox predetermined standard and contains both new components and recycled components that are reconditioned.
16. **PURCHASE OPTIONS.** You may purchase the Equipment at the end of the lease term for the Purchase Option indicated in this Agreement (i.e., either a

set dollar amount or the Fair Market Value of the Equipment at the lease term's conclusion ("FMV"). You may purchase the Equipment at any time during the lease by paying (a) all amounts then due; (b) the remaining Minimum Lease Payments in the Agreement's then-current term [less any unearned finance, maintenance, and supply charges]; (c) 15% of item (b) above as an early purchase charge; and (d) the applicable Purchase Option. When these amounts have been fully paid, title to the Equipment will transfer to you.

17. **PROTECTION OF XEROX' RIGHTS.** Unless and until you purchase the leased Equipment, you hereby authorize Xerox or its agents to execute on your behalf all documents necessary to protect Xerox' rights as the Equipment Lessor (including the perfection of Xerox' purchase money security interest that shall attach to all Equipment for which the Purchase Option is a set dollar amount).

18. **MISCELLANEOUS.** This Agreement constitutes the entire agreement as to its subject matter, supersedes all prior and contemporaneous oral and written agreements, and shall be construed under the laws of the State of New York (without regard to conflict-of-law principles). Xerox may retain a reproduction (e.g., electronic image, photocopy, facsimile) of this Agreement which shall be considered an equivalent to the original; in addition, Xerox may accept this Agreement either by its signature or commencing performance (e.g., Equipment delivery). All changes to this Agreement must be made in a writing signed by both parties; accordingly, any terms on your ordering documents shall be of no force or effect. In any action to enforce this Agreement, the parties agree to waive their right to a jury trial and to pay the prevailing party's costs and expenses, including reasonable attorneys' fees.

**SOFTWARE TERMS:** The following additional terms apply only to transactions covering Application Software and/or Xerox-brand Printing System, DocuTech, Color, High-Volume and Digital Copier-Duplicator, or Document Centre Products:

19. **SOFTWARE LICENSE.** The following terms apply to copyrighted software and the accompanying documentation, including but not limited to operating system software, provided with or within the Equipment ("Base Software") as well as software specifically set out as "Application Software" on the face of this Agreement. This license does not apply to any Diagnostic Software nor to any software and accompanying documentation made subject to a separate license agreement.

- A. Xerox grants you a non-exclusive, non-transferable license to use the Base Software only on or with the Equipment with which (or within which) it was delivered. For Application Software, Xerox grants you a non-exclusive, non-transferable license to use this software on any single unit of equipment for as long as you are current in the payment of any indicated software license fees (including any Annual Renewal Fees). You have no other rights to the Base or Application Software and, in particular, may not (1) distribute, modify, create derivatives of, decompile, or reverse engineer this software; (2) activate any software delivered with or within the Equipment in an unactivated state; or (3) allow others to engage in same. Title to the Base and Application Software and all copyrights and other intellectual property rights in it shall at all times reside solely with Xerox and/or its licensors.
- B. Xerox may terminate your license for any Base Software (1) immediately if you no longer use or possess the Equipment or are a lessor of the Equipment and your first lessee no longer uses or possesses it or (2) upon the termination of any agreement under which you have rented or leased the Equipment.
- C. If you transfer possession of the Equipment, Xerox will offer the transferee a license to use the Base Software on or with it, subject to Xerox' then-applicable terms and license fees, if any, and provided the transfer is not in violation of Xerox' rights.
- D. Xerox warrants that the Base and Application Software will perform in material conformity with its published specifications for a 90-day period from the date it is delivered or, for software installed by Xerox, the date of software installation. Neither Xerox nor its licensors warrant that the Base or Application Software will be free from errors or that its operation will be uninterrupted.

20. **DCS SOFTWARE.** If you are acquiring any Application Software under this Agreement designed to work with a Xerox Document Centre System ("DCS"), Xerox grants you a license that in addition to the terms set forth above shall allow you to install this software on your networked workstation or server. Once installed, all of your organization's users connected to the workstation or server may utilize this software on any DCS obtained directly from Xerox or its Authorized Resellers. For Visioneer PaperPort Software, however, the number of

client computers that may utilize the software shall be limited to 25 (unless you license additional software seats) in Xerox or Visioneer).

21. **SOFTWARE SUPPORT.** During the period that Xerox provides Basic Services for the Equipment, Xerox will also provide software support for the Base Software under the following terms. For Application Software, Xerox will provide this same level of support provided you are current in the payment of all Initial License and Annual Renewal Fees (or, for programs not requiring Annual Renewal Fees, the payment of the Initial License Fee and the annual "Support Only" Fees):

- A. Xerox will assure that Base and Application Software performs in material conformity with its published specifications and will maintain a toll-free hotline during standard business hours to answer related questions.
- B. Xerox may make available new releases of the Base or Application Software that primarily incorporate coding error fixes and are designated as "Maintenance Releases". Maintenance Releases are provided at no charge and must be implemented within six (6) months after being made available to you. Each new Maintenance Release shall be considered Base or Application Software governed by the Software License terms.
- C. Xerox will use reasonable efforts, either directly and/or with its vendors, to resolve coding errors or provide workarounds or patches, provided you report problems in the manner specified by Xerox.
- D. Xerox shall not be obligated (a) to support any Base or Application software that is two or more generations older than Xerox' most current release or (b) to remedy coding errors if you have modified the Base or Application Software.
- E. Xerox may annually adjust the Annual Renewal and Support-Only Fees, each such increase not to exceed 10%. (For state and local-government customers, this adjustment shall take place at the commencement of each of your annual contract cycles.)

22. **DIAGNOSTIC SOFTWARE.** Software used to maintain the Equipment and/or diagnose its failures or substandard performance (collectively "Diagnostic Software") is embedded in, resides on, or may be loaded onto the Equipment. The Diagnostic Software and method of entry or access to it constitute valuable trade secrets of Xerox. Title to the Diagnostic Software shall at all times remain solely with Xerox and/or Xerox' licensors. You agree that (1) your acquisition of the Equipment does not grant you a license or right to use the Diagnostic Software in any manner and (2) that unless separately licensed by Xerox to do so, you will not use, reproduce, distribute, or disclose the Diagnostic Software for any purpose (or allow third parties to do so). You agree at all times (including subsequent to the expiration of this Agreement) to allow Xerox to access, monitor, and otherwise take steps to prevent unauthorized use or reproduction of the Diagnostic Software.

**GOVERNMENTAL TERMS:** The following additional terms apply only to state and local government customers:

#### 23. GOVERNMENT CUSTOMER TERMS

- A. **FUNDING.** You state that it is your intent to make all payments required under this Agreement. In the event that (1) through no action initiated by you your legislative body does not appropriate funds for the continuation of this Agreement for any fiscal year after the first fiscal year and has no funds to do so from other sources and (2) you have made a reasonable but unsuccessful effort to find a viable assignee within your general organization who can continue this Agreement, this Agreement may be terminated. To effect this termination, you shall, 30 days prior to the beginning of the fiscal year for which your legislative body does not appropriate funds, send Xerox written notice stating that your legislative body failed to appropriate funds and that you have made the required effort to find an assignee. Your notice must be accompanied by payment of all sums then owed Xerox under this Agreement and must certify that the canceled Equipment is not being replaced by equipment performing similar functions during the ensuing fiscal year. In addition, you agree at your expense to return the Equipment in good condition to a location designated by Xerox and that, when returned, the Equipment will be free of all liens and encumbrances. You will then be released from your obligations to make any further payments to Xerox (with Xerox retaining all sums paid to date).
- B. **TAX TREATMENT.** This Agreement has been accepted on the basis of Xerox claiming any interest paid by you as exempt from federal income tax under Section 103(c) of the Internal Revenue Code of 1986. Should Xerox lose the benefit of this exemption as a result of your failure to comply with or be covered by Section 103(c) or its regulations, then, subject to the

- C. **ASSIGNMENT.** Notwithstanding any provisions in this Agreement to the contrary, Xerox may not sell, assign or transfer this Agreement, and any attempted sale, assignment or transfer shall be void and without effect.
- D. **PAYMENT.** Your payment is due within 30 days of our invoice date.

**ADDITIONAL TERMS:** The following additional terms apply only to the extent that you have agreed to one or more of the options described below:

24. **SUPPLIES INCLUDED IN BASE/PRINT CHARGES.** If this option has been selected, Xerox will provide you with black toner, black developer, copy cartridges, and fuser ("Consumable Supplies") throughout the term of this Agreement. For full-color Equipment, Consumable Supplies shall also include color toner and developer. You agree that the Consumable Supplies are Xerox' property until used by you, that you will use them only with the Equipment, that you will return all Cartridges to Xerox for remanufacturing once they have been run to their cease-function point, and that you will return any unused Consumable Supplies to Xerox at the end of this Agreement. Should your use of Consumable Supplies exceed the typical use pattern (as determined by Xerox) for these items by more than 10%, you agree that Xerox shall have the right to charge you for any such excess usage.

25. **REPLACEMENT/MODIFICATION OF PRIOR XEROX AGREEMENT.** If this option has been selected, this Agreement will replace or modify a prior agreement between you and Xerox covering the specified equipment. If it is a replacement agreement, the prior agreement shall be null and void. If it is a modification, the prior agreement shall remain in effect except that any new terms presented in this modification agreement (e.g., price, duration, configuration) shall take precedence over the prior terms for the balance of the Agreement.

26. **XEROX AS FINANCIAL INTERMEDIARY.** If this option has been selected, you are leasing specifically identified products that were selected by you and that are not sold by Xerox in the normal course of its business. With regard to these products, you agree that Xerox is leasing them to you "As Is" and without warranty or liability (either direct or indirect) of any kind. As such, and with regard to these products, **YOU HEREBY WAIVE THE IMPLIED WARRANTY OF MERCHANTABILITY.** Xerox assigns to you, to the extent assignable, any warranty rights it has to these products (which rights shall revert to Xerox if you breach this agreement). You agree (a) that these products are not covered by Xerox' obligation to provide Basic Services; (b) to maintain a service agreement for these products with a service provider acceptable to Xerox throughout this Agreement's term; (c) to pay all personal property taxes related to these products; and (d) to assign to Xerox any rights you have to these products until title passes from Xerox to you (which, subject to any software licenses surrounding the acquisition of these products, shall occur when you obtain title to all Xerox Equipment covered by this Agreement).

27. **FINANCED SOFTWARE TOTAL.** If this option has been selected, the initial license fees for any Application Software set forth in this Agreement shall be paid for through your Minimum Lease Payments. If you breach this license or any of your obligations regarding the Equipment, the full amount of the initial license fees shall be immediately due and payable.

28. **FINANCED SUPPLIES TOTAL.** If this option has been selected, the cost of any supplies you have purchased under this Agreement shall be paid for through your Minimum Lease Payments. If you breach any of your obligations regarding the Equipment, the full amount of the supply costs shall become immediately due and payable.

29. **REFINANCE OF PRIOR AGREEMENT.** If this option has been selected, the balance of your prior indicated agreement with Xerox or a third-party shall be paid for through your Minimum Lease Payments. If your prior agreement is with a third-party, you hereby acknowledge that you have the right to terminate the agreement and agree to provide a statement from the third-party identifying the equipment at issue and the amount to be paid off (as well as a statement from you identifying the payee and mailing address for your payoff check). If your prior agreement was with Xerox, the use of this refinance option shall render your prior agreement null and void. If you breach this Agreement, the full amount of your prior agreement balance shall be immediately due and payable.

30. **ADJUSTMENT PERIOD.** If this option has been selected, your Minimum Lease Payment and/or Print Charges shall be adjusted in accordance with the information contained in the Adjustment Period portion of this Agreement; as a result, your initial payment(s) shall be different from those payable during the balance of this Agreement.

31. **KITTING/LEASING SUSPENSION.** If this option has been selected, the Maintenance Component of your Minimum Lease Payment and Print Charges will be suspended each year during the months indicated. During these months, you agree not to use the Equipment and that Xerox shall not be responsible for providing Basic Services on it.

32. **TRADE-IN EQUIPMENT.** If this option has been selected, you are providing equipment to Xerox as part of this Agreement ("Trade-In Equipment") and the following shall apply:

- A. **TITLE TRANSFER.** You warrant that you have the right to transfer title to the Trade-In Equipment and that it has been installed and performing its intended function for the previous year at the address where the replacement equipment is to be installed. Title and risk of loss to the Trade-In Equipment shall pass to Xerox when Xerox removes it from your premises.
- B. **CONDITION.** You warrant that the Trade-In Equipment is in good working order, has not been modified from its original configuration (other than by Xerox), and has a UL label attached. You agree to maintain the Trade-In Equipment at its present site and in substantially its present condition until removed by Xerox.
- C. **ACCRUED CHARGES.** You agree to pay all accrued charges for the Trade-In Equipment up to and including payment of the Final Principal Payment Number and to pay all maintenance, administrative, supply and finance charges for this equipment through the date title passes to Xerox.

33. **RUN LENGTH PLAN.** If this option has been selected, the first ten prints of each original (per run) are recorded and billed on both meters with all subsequent prints recorded and billed on Meter A only. (Note that if a 5090 family product covered by this plan has its document handler left open, all affected copies will be recorded and billed on both meters.)

34. **FIXED PRICE PLAN.** If this option has been selected, Xerox will forego its right to increase the Maintenance Component throughout the initial term of this Agreement.

35. **PER-FOOT PRICING.** If this option has been selected, all Print Charges will be billed on a per-foot basis, with each linear foot equal to one print.

36. **EXTENDED SERVICE HOURS.** If this option has been selected, Xerox will provide Basic Services during the hours indicated, with the first number establishing the number of eight-hour shifts covered and the second establishing the days of the week (e.g., 2 x 6 would provide service from 8:00 A.M. to 11:59 P.M., Monday through Saturday). The cost of this enhanced service coverage will be billed separately and, as such, is not included in your Minimum Lease Payment or Print Charges.

37. **COMPETITIVE REPLACEMENT PROGRAM.** If this option has been selected, Xerox will provide you with the discount indicated in exchange for your agreement to return a unit of non-Xerox equipment you are currently leasing (the "Competitive Equipment") to its Lessor. In doing so, you acknowledge that the Equipment you are acquiring under this Agreement is replacing the Competitive Equipment and that your agreement with its Lessor allows you to return the Competitive Equipment at this time.

38. **ATTACHED ADDENDA.** If this option has been selected, you acknowledge that one or more specified addenda (as indicated) have been provided to you. These addenda, which provide additional terms relevant to the transactions covered hereunder, are hereby fully integrated into this Agreement.

39. **NEGOTIATED CONTRACT.** If this option has been selected, this Agreement is subject to the terms contained in the identified Negotiated Contract. If the terms contained in this Agreement conflict with those contained in the Negotiated Contract, the terms of the Negotiated Contract shall prevail.